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FISCAL IMPACT STATEMENT

LS 6803

BILL NUMBER: HB 1541

NOTE PREPARED: Jan 8, 2005

BILL AMENDED:

SUBJECT: Gaming Moratorium.

FIRST AUTHOR: Rep. Borders

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that until 2010: (1) a form of gambling that is not lawful under an Indiana statute in effect on January 1, 2005, may not become lawful under an Indiana statute; (2) a statute in effect in Indiana on January 1, 2005, that allows a form of gambling may not be amended to expand the scope of gambling allowed by the statute; (3) a tribal-state compact to allow tribal gaming may not be made between the state and an Indian tribe; (4) additional pari-mutuel horse racing meeting permits may not be issued; (5) new satellite facility licenses may not be issued; and (6) the maximum number of authorized riverboat licenses may not be increased.

Effective Date: January 1, 2005 (retroactive).

Explanation of State Revenues:

Satellite Facility Licenses: The bill would prohibit the issuance of satellite facility licenses not issued before January 1, 2005. This moratorium would last until January 1, 2010. Under current law, each pari-mutuel permit holder may be granted licenses for four satellite facilities. Currently, Hoosier Park possesses three satellite facility licenses and Indianapolis Downs possesses two satellite facility licenses. Thus, the bill could postpone issuance of up to three satellite facility licenses. The annual Satellite Facility License Fee is \$1,000. Also, this moratorium could potentially postpone future growth in revenue from the Parimutuel Satellite Facility Tax and the Parimutuel Wagering Tax.

Indian Gaming: The bill prohibits the state from entering into a compact with an Indian tribe before January 1, 2010, to allow tribal gambling. At this time it is unclear as to the impact of these provisions given the fluidity

of federal law and regulations relating to Indian gaming.

The Indian Gaming Regulatory Act of 1988 (IGRA) establishes the jurisdictional framework that presently governs Indian gaming. IGRA establishes three classes of games with a different regulatory scheme for each class. Class I gaming is defined as traditional Indian gaming and social gaming for minimal prizes. Regulatory authority over Class I gaming is vested exclusively in tribal governments. Class II gaming is defined as the game of chance commonly known as bingo (whether or not electronic, computer, or other technological aids are used in connection with the games) and, if played in the same location as bingo, pull-tabs, punchboards, tip jars, instant bingo, and other games similar to bingo. Class II gaming also includes non-banked card games (games that are played exclusively against other players rather than against the house). IGRA specifically excludes slot machines or electronic facsimiles of any game of chance from the definition of Class II games. Tribes retain their authority to conduct, license, and regulate Class II gaming so long as the state in which the tribe is located permits such gaming for any purpose and the tribal government adopts a gaming ordinance approved by the National Indian Gaming Commission (NIGC). Tribal governments are responsible for regulating Class II gaming with NIGC oversight. The definition of Class III gaming is extremely broad. It includes all forms of gaming that are neither Class I nor II. Games commonly played in casinos, such as slot machines, black jack, craps, and roulette, would clearly fall in the Class III category, as well as wagering games and electronic facsimiles of any game of chance. Generally, Class III gaming is often referred to as full-scale casino-style gaming.

IGRA restricts tribal authority to conduct Class III gaming. Before a tribe may lawfully conduct Class III gaming, the following conditions must be met: (1) the particular form of Class III gaming that the tribe wants to conduct must be permitted in the state in which the tribe is located; (2) the tribe and the state must have negotiated a compact that has been approved by the Secretary of the Interior, or the Secretary must have approved regulatory procedures; and (3) the tribe must have adopted a tribal gaming ordinance that has been approved by the NIGC.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Horse Racing Commission.

Local Agencies Affected:

Information Sources: National Indian Gaming Commission, 2003 Annual Report,
<http://www.nigc.gov/nigc/index.jsp>.

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